

ESSB 6896 - H AMD 1176

By Representative McDonald

FAILED 3/7/2006

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Beginning on page 4, line 9, strike all of sections 7 and 8 and insert the following:

"**Sec. 7.** RCW 43.135.035 and 2005 c 72 s 2 are each amended to read as follows:

(1) After July 1, 1995, any action or combination of actions by the legislature that (~~raises state revenue or requires revenue-neutral tax shifts~~) constitutes a tax increase may be taken only if approved by a (~~two-thirds~~) three-fifths vote of each house, and then only if state expenditures in any fiscal year, including the new revenue, will not exceed the state expenditure limits established under this chapter. (~~However, for legislation enacted between the effective date of this 2005 act and June 30, 2007, any action or combination of actions by the legislature that raises state revenue or requires revenue-neutral tax shifts may be taken with the approval of a majority of members elected to each house, so long as state expenditures in any fiscal year, including the new revenue, will not exceed the state expenditure limits established under this chapter.~~) This section does not apply to a tax that will be used exclusively for highway purposes under Article II, section 40 of the state Constitution.

(2)(a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature shall not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment shall not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect.

1 The state expenditure limit shall be adjusted downward upon
2 expiration or repeal of the legislative action.

3 (b) The ballot title for any vote of the people required under
4 this section shall be substantially as follows:

5 "Shall taxes be imposed on in order to allow a
6 spending increase above last year's authorized spending adjusted
7 for inflation and population increases?"

8 (3)(a) The state expenditure limit may be exceeded upon
9 declaration of an emergency for a period not to exceed twenty-four
10 months by a law approved by a (~~two-thirds~~) three-fifths vote of
11 each house of the legislature and signed by the governor. The law
12 shall set forth the nature of the emergency(~~(, which is limited to~~
13 ~~natural disasters that require immediate government action to~~
14 ~~alleviate human suffering and provide humanitarian assistance)~~).
15 The state expenditure limit may be exceeded for no more than
16 twenty-four months following the declaration of the emergency and
17 only for the purposes contained in the emergency declaration.

18 (~~(b) (Additional taxes required for an emergency under this~~
19 ~~section may be imposed only until thirty days following the next~~
20 ~~general election, unless an extension is approved at that general~~
21 ~~election. The additional taxes shall expire upon expiration of the~~
22 ~~declaration of emergency. The legislature shall not impose~~
23 ~~additional taxes for emergency purposes under this subsection~~
24 ~~unless funds in the education construction fund have been~~
25 ~~exhausted.)~~) Taxes enacted pursuant to an emergency previously
26 declared under this section may be imposed with a favorable vote of
27 a majority of members elected to each house of the legislature, and
28 shall expire not later than twelve months after the effective date
29 of the emergency declaration.

30 (c) The state or any political subdivision of the state shall
31 not impose any tax on intangible property listed in RCW 84.36.070
32 as that statute exists on January 1, 1993.

33 (4) If the cost of any state program or function is shifted
34 from the state general fund on or after January 1, 1993, to another
35 source of funding, or if moneys are transferred from the state
36 general fund to another fund or account, the state expenditure
37 limit committee, acting pursuant to RCW 43.135.025(5), shall lower
38 the state expenditure limit to reflect the shift. For the purposes

1 of this section, a transfer of money from the state general fund to
2 another fund or account includes any state legislative action taken
3 that has the effect of reducing revenues from a particular source,
4 where such revenues would otherwise be deposited into the state
5 general fund, while increasing the revenues from that particular
6 source to another state or local government account. This
7 subsection does not apply to the dedication or use of lottery
8 revenues under RCW 67.70.240(3) or property taxes under RCW
9 84.52.068, in support of education or education expenditures.

10 (5) If the cost of any state program or function is shifted to
11 the state general fund on or after January 1, 2000, from another
12 source of funding, or if moneys are transferred to the state
13 general fund from another fund or account, the state expenditure
14 limit committee, acting pursuant to RCW 43.135.025(5), shall
15 increase the state expenditure limit to reflect the shift.

16 **Sec. 8.** RCW 43.135.035 and 2005 c 72 s 5 are each amended to
17 read as follows:

18 (1) After July 1, 1995, any action or combination of actions by
19 the legislature that (~~((raises state revenue or requires revenue-~~
20 ~~neutral tax shifts))~~) constitutes a tax increase may be taken only
21 if approved by a (~~((two-thirds))~~) three-fifths vote of each house,
22 and then only if state expenditures in any fiscal year, including
23 the new revenue, will not exceed the state expenditure limits
24 established under this chapter. This section does not apply to a
25 tax that will be used exclusively for highway purposes under
26 Article II, section 40 of the state Constitution.

27 (2)(a) If the legislative action under subsection (1) of this
28 section will result in expenditures in excess of the state
29 expenditure limit, then the action of the legislature shall not
30 take effect until approved by a vote of the people at a November
31 general election. The state expenditure limit committee shall
32 adjust the state expenditure limit by the amount of additional
33 revenue approved by the voters under this section. This adjustment
34 shall not exceed the amount of revenue generated by the legislative
35 action during the first full fiscal year in which it is in effect.
36 The state expenditure limit shall be adjusted downward upon
37 expiration or repeal of the legislative action.

1 (b) The ballot title for any vote of the people required under
2 this section shall be substantially as follows:

3 "Shall taxes be imposed on in order to allow a
4 spending increase above last year's authorized spending adjusted
5 for personal income growth?"

6 (3)(a) The state expenditure limit may be exceeded upon
7 declaration of an emergency for a period not to exceed twenty-four
8 months by a law approved by a (~~two-thirds~~) three-fifths vote of
9 each house of the legislature and signed by the governor. The law
10 shall set forth the nature of the emergency(~~(, which is limited to~~
11 ~~natural disasters that require immediate government action to~~
12 ~~alleviate human suffering and provide humanitarian assistance)~~).
13 The state expenditure limit may be exceeded for no more than
14 twenty-four months following the declaration of the emergency and
15 only for the purposes contained in the emergency declaration.

16 (b) (~~Additional taxes required for an emergency under this~~
17 ~~section may be imposed only until thirty days following the next~~
18 ~~general election, unless an extension is approved at that general~~
19 ~~election. The additional taxes shall expire upon expiration of the~~
20 ~~declaration of emergency. The legislature shall not impose~~
21 ~~additional taxes for emergency purposes under this subsection~~
22 ~~unless funds in the education construction fund have been~~
23 ~~exhausted.)~~) Taxes enacted pursuant to an emergency previously
24 declared under this section may be imposed with a favorable vote of
25 a majority of members elected to each house of the legislature, and
26 shall expire not later than twelve months after the effective date
27 of the emergency declaration.

28 (c) The state or any political subdivision of the state shall
29 not impose any tax on intangible property listed in RCW 84.36.070
30 as that statute exists on January 1, 1993.

31 (4) If the cost of any state program or function is shifted
32 from the state general fund or a related fund to another source of
33 funding, or if moneys are transferred from the state general fund
34 or a related fund to another fund or account, the state expenditure
35 limit committee, acting pursuant to RCW 43.135.025(5), shall lower
36 the state expenditure limit to reflect the shift. For the purposes
37 of this section, a transfer of money from the state general fund or
38 a related fund to another fund or account includes any state

1 legislative action taken that has the effect of reducing revenues
2 from a particular source, where such revenues would otherwise be
3 deposited into the state general fund or a related fund, while
4 increasing the revenues from that particular source to another
5 state or local government account. This subsection does not apply
6 to the dedication or use of lottery revenues under RCW 67.70.240(3)
7 or property taxes under RCW 84.52.068, in support of education or
8 education expenditures.

9 (5) If the cost of any state program or function and the
10 ongoing revenue necessary to fund the program or function are
11 shifted to the state general fund or a related fund on or after
12 January 1, 2007, the state expenditure limit committee, acting
13 pursuant to RCW 43.135.025(5), shall increase the state expenditure
14 limit to reflect the shift."

15 Renumber remaining sections consecutively and correct title and
16 internal references accordingly.

17 On page 14, line 14, strike "Sections 7 and 8 of this act
18 expire" and insert "Section 7 of this act expires"

19
20 On page 14, after line 15, insert the following:

21 "NEW SECTION. **Sec. 13.** Section 8 of this act takes effect
22 July 1, 2007.

23 NEW SECTION. **Sec. 14.** Sections 7 and 8 of this act take
24 effect if the proposed amendment to Article VII, section . . . of
25 the state Constitution (HJR 4218) is validly submitted to and is
26 approved and ratified by the voters at a general election held in
27 November 2006. If the proposed amendment is not approved and
28 ratified, sections 6 and 7 of this act are void in their entirety."

29 Renumber remaining sections consecutively and correct title and
30 internal references accordingly.

31 On page 14, line 16, strike "This act is" and insert "Sections
32 1 through 7, 9, and 10 of this act are"

1 On page 14, line 18, after "institutions, and" strike "takes"
2 and insert "take"

EFFECT: Strikes the amendments to I-601 that would have adjusted the limit upward for the appropriations in the bill and avoided a decrease in the limit for program cost shifts. Contingent upon the adoption of the constitutional amendment in HJR 4218 (three-fifths vote for tax increases), revises the expenditure limit laws to require a three-fifths vote of each house for tax increases, other than for emergencies or highway purposes.